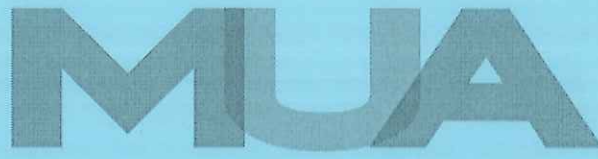


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**POSTGRADUATE UNIVERSITY EXAMINATIONS**  
**SCHOOL OF MANAGEMENT AND LEADERSHIP**  
**DEGREE OF MASTER OF BUSINESS ADMINISTRATION**

**MKT 506 :    MARKETING OF SERVICES**

**DATE:            3<sup>RD</sup> AUGUST 2018**

**DURATION:    2 HOURS**

**MAXIMUM MARKS: 60**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **Four (4)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

**QUESTION ONE**

**Read the Case Study below carefully and answer the questions that follow:**

**A CASE STUDY OF PAC RESOURCES**

PAC Resources is a small manufacturing company located in a mid-sized city in the upper Midwest. PAC manufactures high-quality specialty components for the computer industry. The company was founded in 1994 by current CEO, David Dukakis. Dukakis was a talented young engineer in Silicon Valley. When the industry hit the skids in the early 1990s, he found himself out the door with little more than an entrepreneurial spirit and a small severance package. Dukakis left California, moved back to his home state and used his severance package to finance PAC Resources, starting the company in small rented quarters in a nearly vacant strip mall. He brought in Cliff McNamara early on as chief financial officer. Dukakis was smart enough to know that he had no head for figures, but McNamara did. McNamara was an old college buddy, a super accounting wiz, and somebody Dukakis could trust to squeeze as much mileage as possible out of his severance money. It was a good match. McNamara managed the business, and Dukakis was the idea man and designer of the specialty components, patents of which were the backbone of PAC's success. Today, the low-rent strip mall is a part of company history, and PAC employs 835 full-time workers in its own contemporary facility built in 2002.

So far, PAC has not been significantly affected by the latest downturn in the industry. Its market niche continues to be high-quality, specialized equipment. The company is proud that its products continue to be made in the United States and of its ISO quality certification granted by the International Organization for Standardization. Dukakis believes this is what has kept his company in business while others in the industry shipped jobs offshore or went by the wayside. PAC sells its own products and has a small customer base scattered throughout the United States and Asia, but this generates only a small percentage of PAC's revenue. Eighty-three percent of PAC's sales come from building original specialty components for one manufacturer.



This has been a steady income source for PAC, but heavy reliance on one customer is a significant source of worry for PAC's management team, especially because sales of finished products are down for this customer and cutbacks are expected. If the rumor proves true, PAC will not escape unscathed. Consequently, the push is on for belt-tightening in the organization. PAC instituted a hiring freeze, and marketing and sales budgets were directed to increasing the company customer base. Canadian and European markets are being explored, and while there is some interest, there are no solid contracts. PAC employees are understandably jittery.

**Required:**

- a. Examine if the company is in product or service marketing (4 marks)
- b. Using the case study, evaluate the role of *Physical evidence* in service marketing (4 Marks)
- c. Argue how PAC resources can market its products (4marks)
- d. Using the case, highlight the difference between products and services in terms of lack of ownership (6marks)
- e. Using the case above illustrate the role of PAC resource employees in marketing their services. (12marks)

**QUESTION 2**

- a. Argue the Role of advertising in service marketing. (8marks)
- b. Examine the internal marketing strategies for the services. (7marks)

**QUESTION 3**

- a) Customers are key in service industry. Discuss any four customer decision making process in service firms (8marks)
- b) Packaging is an important marketing practice. Assess three reasons why packaging is key in service sector. (7marks)

**QUESTION 4**

- (i) Examine the importance of consumer behavior in services (7marks)
- (ii) New services are important in the service sector. Highlight the steps involved in new service development process. (8marks)